TOURISM SASKATCHEWAN

2000/2001

ANNUAL REPORT

OUR VISION OF TOURISM IN SASKATCHEWAN

Tourism will be a vital, growing and sustainable economic sector.

VALUES OF TOURISM SASKATCHEWAN

- *We believe in providing leadership through excellence in marketing and developing Saskatchewan's tourism potential.*
- *We believe in the power of teamwork, while respecting individual differences.*
- *We believe in conducting ourselves responsibly and with integrity in all endeavors.*
- *We believe in accountability, loyalty and communication with our members and ourselves.*
- *We believe in responding creatively to member needs and business opportunities.*
- *We believe in contributing to the social, environmental and economic well-being of our province.*
- *We believe that the wisdom of Elders can provide us with guidance in the appreciation of our natural heritage.*
- *We believe in adapting enthusiastically to future challenges and opportunities.*

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Minister's Message

"...we plan to increase tourism revenues by 25 per cent to $1.5 billion annually by 2005."

Tourism plays a significant role in our provincial economy, and it benefits everyone – it generates revenue and creates jobs in small and large communities, in rural areas and the north, while allowing our visitors to unwind and escape as they take in the beauty and diversity of Saskatchewan. The industry gives rise to $1.16 billion annually in travel expenditures and employs about one of every 10 workers in our province, in tourism and tourism-related occupations.

It's no surprise, then, that our provincial government has identified tourism as a key sector in our new economic strategy – Partnership for Prosperity – released in August 2001. Working in partnership with Tourism Saskatchewan and others, we plan to increase tourism revenues by 25 per cent to $1.5 billion annually by 2005.

We will do this by building on our traditional tourism marketing approaches, making strategic investments in our parks, heritage and cultural attractions and entertainment complexes. And we will make new investments in leading-edge technology and digital promotions to further enhance and profile the industry.

Through these initiatives, more and more people are becoming aware of the extraordinary sights and activities Saskatchewan offers. I extend my congratulations on another successful year to everyone involved in tourism, and on behalf of the provincial government, I look forward to working together with you to further expand our burgeoning tourism sector.

Honourable Eldon Lautermilch
Minister of Economic and Co-operative Development

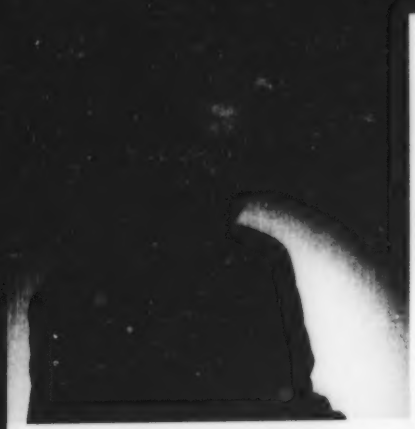
Corporate Profile

Tourism Saskatchewan is dedicated to developing and promoting the province's tourism industry – an industry with opportunities as expansive as the skies we look up to across Saskatchewan.

Since its inception in 1994, the organization's mandate has broadened and taken shape. Today, working with the members of our industry, the provincial government and other partners, we carry out a variety of programs and initiatives across a range of areas – marketing, education and training, membership and visitor services, product development, research, information/technology, and more – to support tourism growth and economic development for our industry and Saskatchewan.

Together, our efforts draw visitors to our province, and enhance and support the services they require, as they explore our varied landscapes and cultures, learn our unique history, and meet our people – all under the canopy of Saskatchewan's living skies.

Chairman's Message



"...giving us reason to be optimistic about the continued growth of tourism in our province."

In this year's annual report, we have put together an overview of the activities of the past year, and offered a sense of the challenges and opportunities that lie ahead for the tourism industry.

Over the summer, we were able to share exciting news about increased international visitor travel to Saskatchewan over the previous year, giving us reason to be optimistic about the continued growth of tourism in our province.

Sadly, the year we are reporting on came to a close on the heels of the shocking and tragic events of September 11. Saskatchewan joined Canada and the world in mourning together with our American neighbours. Many of our partners and counterparts across Canada were left reeling from the downturn in travel that followed, and we will work with this challenge in the upcoming fiscal year.

I encourage you to take note of the many highlights, successes and efforts of our industry outlined throughout this report. I would like to thank Tourism Saskatchewan's staff and board members for their commitment this past year, and the provincial government, our industry members and partners for their continuing support and input.

Let's look ahead together with optimism and enthusiasm, as tourism continues to offer us welcome and significant avenues of economic growth.

Jim Kilkenny

Chairman

President's Message

"...a great deal of our focus over this past fiscal year has been on building the platform needed to position our industry to respond to developing opportunities."

I had the opportunity to attend Rendez-vous Canada this year in Toronto. Rendez-vous is a 'reverse marketplace,' where trade representatives from around the world come to view and purchase Canadian travel product. Our Saskatchewan team included marketing representatives from Tourism Saskatchewan, Regina and Saskatoon, as well as eight Saskatchewan operators. While Saskatchewan has had representation at this event for many years, something was different this year. There was greater interest from international representatives. Our operators booked a record number of appointments. More members of the travel trade agreed to profile Saskatchewan product in their catalogues.

While this intensified interest is a testament to our industry's ongoing efforts to raise its profile, I feel it is also driven in part by the travel trades' desire to find new product for their clients. Our province and our products can fill this need.

I have spoken a number of times throughout the year about the new market opportunity that appears to be forming. The results of our efforts at Rendez-vous Canada are one indicator. Our growth in 2000 travel expenditures from international markets is another. With this in mind, a great deal of our focus over this past fiscal year has been on building the platform needed to position our industry to respond to developing opportunities.

Throughout the year, our staff focused their efforts on delivering on the 2000/2001 objectives set out in our rolling business plan. I commend the team for the successes realized in an environment where dollars have been stretched to the limit and our buying power continues to be eroded. In addition to delivering on the core objectives, however, our team has also put considerable effort into setting the stage for industry growth.

Working with the Keeping PACE Review Committee, the commitment to the regional structure was renewed. This agreement provides for stable and consistent funding to our five tourism destination regions and two city marketing organizations for the next three years. We initiated a broad planning process that will serve as a template in the future for the harmonization of non-traditional partners' tourism activities with those of our industry. Most importantly, we designed and submitted a comprehensive program platform that outlines an aggressive scenario for new industry investment from our key partner. Each of these initiatives is an example of the focus our team has placed on creating a suitable environment for the further growth of our industry and success of our operators.

In terms of operations, you will see that we have delivered a net surplus of $328,000. This has allowed us to create restricted reserves that will reduce the operational demands on the 2001/02 budget, while addressing specific pressure points. We have also taken steps to further revise our budgeting and reporting approach with the removal of in-kind and regional marketing expenditures from our financial statements. This information is provided, instead, in the text area of this report. Our ongoing efforts toward sound financial management approaches have created a solid foundation for the organization, while reducing our deficit to nearly one-fifth what it was in 1999.

I would like to thank Minister Lautermilch and his staff at Economic and Co-operative Development for their continued support of our industry over the last year, as well as their partnership commitment for the future. On behalf of our organization and the management team, I would also like to thank our board members for their dedication. Finally, I would like to extend my appreciation to our members – 2,025 strong – for their ongoing support and participation in building our industry over the past year.

While we have a great deal of work to do, I am confident the foundation we require is in place. I look forward to working with you to further develop the partnerships required to continue building our industry.

Roy Anderson
President and Chief Executive Officer

The Industry

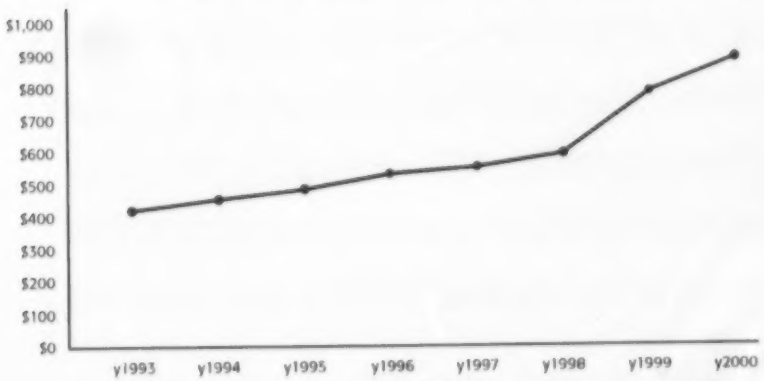
There were 69,000 overseas visitors to Saskatchewan in 2000, a slight decrease from the 71,000 who visited in 1999. These visitors however spent $34.5 million in the province in 2000, an increase of 23% over 1999 overseas visitor spending.

Through their efforts, our operators, event and attraction organizers, owners, developers and associations are making Saskatchewan more and more a presence among national and international destinations. We offer a "new" destination, with strong and growing attractions and a continued emphasis on hospitality at all levels.

The past year was an active one across our industry. The province's cultural and tourism sectors worked together to put on the first-ever Cultural Tourism Symposium in January 2001. We learned that Saskatchewan will host Grey Cup 2003. A relatively new event made its debut in Saskatchewan, when the World Ice and Snow Sailing Championships were held on Blackstrap Lake last winter. Also last winter, the Canadian Challenge Sled Dog Race was made a qualifying event for the Iditarod.

Saskatoon introduced a tourism radio channel, and Moose Jaw announced major developments for historic River Street, a downtown casino, and expansion of its spa. The new Life Sciences Gallery at the Royal Saskatchewan Museum (RSM) in Regina was completed and opened in June 2001. The RSM also was involved in the discovery of more T. rex bones near Eastend. Grasslands officially became a national park. Casino Regina started major expansions and organizers of the Royal Red Arabian Horse Show announced the event would remain in Regina for a further five years.

Average Trip Spending by U.S. Residents Visiting for One or More Nights.



*Due to changes in Statistics Canada's survey methodology, statistics on resident and other Canadian travel in Saskatchewan will not be available until 2002.

Forging Partnerships

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The original Keeping PACE (Partnership – Accountability – Competitiveness – Excellence) agreement of 1998, which established the current tourism regional structure, ended with the close of the 2000/01 fiscal year. A new agreement – largely a continuation of much that was outlined originally, with minor modifications – was developed over the past year and took effect October 1, 2001. As a result, the province's five tourism regions and two city marketing organizations will continue their work under much the same structure, and Tourism Saskatchewan will maintain $1.45 million in funding for the Keeping PACE partnership.

The Provincial Department of Economic and Co-operative Development, which provides the organization with its base funding, announced its Partnership for Prosperity strategy in August 2001. Tourism figures prominently in the plan, a fact that is underlined by the target they've set - a 25% increase over five years to $1.5 billion in annual tourism revenue by 2005.

Events ... Saskatchewan! – a partnership of Sask Sport Inc., the Anniversaries Secretariat, SaskCulture Inc., the Saskatchewan Parks and Recreation Association and Tourism Saskatchewan – was formed from the previous Bid Saskatchewan. Already, several major events have been secured as a result of partnerships at the community level.

Our ongoing partnership with SaskTel resulted in the release, in autumn 2000, of a new series of Land of Living Skies phone passes, and the announcement the following summer that Saskatchewan event information had become accessible via Internet-connected cell phones.

COMMUNITIES AND EVENTS ... SASKATCHEWAN! SECURE MAJOR EVENTS

- *Canadian Special Olympics 2002 Summer Games - Prince Albert*
- *2002 Canadian Ringette Championships - Regina*
- *2003 Esso Women's National Hockey Championships - Saskatoon*
- *Canadian Senior National Judo Championships 2003 - Prince Albert*
- *Grey Cup 2003 - Regina*
- *The Canadian Gymnastics Championships 2003 - Saskatoon*
- *2005 Jeaux du Canada Summer Games - Regina*

10 Leadership and Support

Tourism Saskatchewan is committed to providing leadership in developing our industry, while supporting the efforts of the industry through a variety of programs intended to enhance success at every level.

Various marketing activities, training programs, services for visitors, as well as member events and benefits, and various communication tools to enhance awareness and knowledge of tourism, are part of the work we do to meet this commitment.

Operating with funding levels that have remained static the past year saw Tourism Saskatchewan continue its efforts to maintain program levels while conservatively reducing the deficit incurred in the 1998-99 fiscal year. We have successfully brought this deficit to just over $109,000 from its 1999 level of over $510,000.

IN BRIEF: WHAT WE DO

As the provincial organization for the tourism industry, Tourism Saskatchewan conducts a broad range of activities. Briefly put, these include:

- *marketing the province as a destination of choice on a provincial, national and global level, through attendance at travel marketplaces, advertising campaigns and organized tours in the province by members of the travel trade and travel media*
- *addressing the tourism industry's education and training needs through the activities of the Saskatchewan Tourism Education Council (STEC), a division of Tourism Saskatchewan*
- *working closely with five rural tourism destination regions and the city marketing organizations of Regina and Saskatoon to ensure the industry's sustained growth and development*
- *producing and distributing professional travel literature, which is provided in response to requests from potential visitors from around the globe*
- *providing direct, person-to-person travel information through our nationally certified Travel Counsellors via our toll-free telephone line, as well as to drop-in visitors*
- *offering people around the globe immediate information on the province's many attractions and events, with links to an extensive array of tourism operators, through our website*
- *gathering and researching travel statistics, used to improve the effectiveness of our own activities and publications, as well as to help inform industry operators in their decision making*
- *acting as an information source in the development of new and expanded tourism operations, as well as for communities developing tourism strategies*
- *creating and maintaining an extensive package of member benefits, as well as an integrated membership system with regions and cities*
- *organizing and hosting a variety of events for members, industry and partners*
- *keeping the tourism industry, partners and government informed through a bimonthly newsletter, annual business plan, annual report and other ongoing communications vehicles, and raising awareness and knowledge about tourism among residents*
- *offering advertising opportunities to tourism operators, industry suppliers and other partners, through the variety of publications and promotional pieces we produce each year*

In an industry that is aggressively competitive around the globe, the greatest challenge is standing out in the crowd. The Marketing department conducts a range of activities – advertising, attendance at marketplaces, travel trade and media tours in the province – designed to generate inquiries and put Saskatchewan on the map as a travel destination.

Our marketing consultants – accompanied in many cases by representatives of cities and regions, as well as some operators – attended a reasonable slate of national and international trade shows (see chart below). Results so far include the addition of a new Japan travel company carrying Saskatchewan product, and the best Saskatchewan presence ever at Rendez-vous Canada in Toronto. Our province enjoyed increased interest from traditional markets like Germany, and growing interest from other European countries, Southeast Asia and Australia. These successes provide an indication that Saskatchewan's appeal is growing.

2000/2001 TOURISM SASKATCHEWAN MARKETPLACES

Kanata, *Tokyo/Osaka, Japan*	*October 2000*
Group Leaders of America, *Denver, CO*	*October 2000*
Agribition, *Regina, SK*	*November 2000*
National Tour Association, *Houston, TX*	*November 2000*
Ontario Motorcoach Association, *Toronto, ON*	*November 2000*
Anaheim RV Show, *CA*	*January 2001*
Tulsa Boat, Sport and Travel Show, *OK*	*January 2001*
American Bus Association, *Baltimore, MD*	*January 2001*
Greater NW Vacation, Camping/RV Show, *Minneapolis, MN*	*February 2001*
RV and Camping Show, *Winnipeg, MB*	*March 2001*
Jack Rabbit Tours, *Sioux Falls, SD*	*April 2001*
Mark Jacobsen Cruise & Tour, *Minneapolis, MN*	*April 2001*
FMCA Convention, *Oklahoma City, OK*	*April 2001*
Travel and Leisure Show, *Toronto, ON*	*April 2001*
Rendez-vous Canada, *Toronto, ON*	*May 2001*
Farm Progress Show, *Regina, SK*	*June 2001*
Calgary Stampede, *Calgary, AB*	*July 2001*
FMCA Convention, *Redmond, OR*	*August 2001*

ADVERTISING ACTIVITY

- Advertising targeted primary markets in Canada and the U.S.
- Direct mail initiatives included mailers to past inquirers from Canada and the U.S., and targeted audiences in Manitoba and Alberta, as well as key fishing markets in the U.S.
- Small-space advertising was primarily used in the U.S., in a range of magazines that included Home and Away (AAA), Better Homes and Gardens, Ladies Home Journal, National Geographic Traveler, Travel and Leisure, Reader's Digest, Mature Outlook and Outside Magazine.
- In Canada, we participated in several Canadian Tourism Commission (CTC) initiatives, including the Rediscover Canada Guide and regional newspaper inserts in primary markets.
- Outdoor billboard advertising in Calgary and Edmonton was used in conjunction with direct mail.
- Internet search engine banner ads were developed to match product and regional-based key words. Banners were also placed on fishing-based websites such as fieldandstream.com.

12 *The Marketing Challenge*

Advertising, while curtailed due to declining purchasing power, still included a range of significant promotions – from direct mail pieces to magazine and web banner ads. These activities are key to driving inquiries to our toll-free travel information line and website. In 2000/2001, a total of 466,099 inquiries were received.

The recognition we receive from marketing and communications experts for our advertising creative work, which was handled during 2000/2001 by Brown Communications Group, provides a further indication that our advertising is effective in garnering attention. For a variety of our direct mail and digital advertising in the past year, we received four Saskatchewan Awards for Communication Excellence (ACE). Additionally, our web banner advertising garnered an International Association of Business Communicators (IABC) Silver Leaf Award.

Unpaid travel media coverage of Saskatchewan is yet another key aspect of our efforts to promote the province. In 1999/2000, we recorded more than $1 million in unpaid travel media publicity, and expect similar results for 2000/2001. (Not all media coverage has run, so final values for 2000/2001 cannot yet be assessed.)

Reports on visitor habits at regional levels were developed with regions that participated, providing region operators with succinct market profiles for their business planning. An on-line survey of a portion of our website users was conducted, and will help in better determining interests, past travel activities and future travel plans of these potential visitors.

Last year, the Product Development area came out with two new guides, the *Tourism Business Development and Financing Guide* and the *Community Tourism Planning Guide*. We continued to work with and represent our industry in a variety of ways: providing information and advice in the development and expansion of new and existing tourism businesses, attractions, and other agencies; encouraging community tourism planning, particularly in northern and rural Saskatchewan; and providing direction and co-ordination for tourism interests in government policy, planning, and implementation processes. Through these efforts, we strive to promote further understanding of tourism, reduce barriers and create a better environment within which tourism businesses can develop and prosper.

TRAVEL MEDIA PUBLICITY

Tourism Saskatchewan co-ordinated and/or provided support for 40 media publicity tours in the province during 2000/2001. These included:

- *Good Earth Productions, producer of programs on the Discovery Channel and History Television, gathered footage on the Clearwater River/Methye Portage and the Qu'Appelle River system.*
- *The Complete Angler television show, hosted by Don Lamont, filmed several shows in the province.*
- *We hosted a travel media group from Natra magazine in Japan. The group experienced a wide variety of Saskatchewan product.*
- *A journalist writing for Highways magazine was in the province covering the Great Canadian Fossil Trail.*
- *Working with Manitoba, we co-hosted three United Kingdom sports writers who specialize in angling.*

The tourism industry and its workers are spread throughout the province -- both a great benefit and a great challenge. Challenges around training and developing our labor force include providing programs that can be used by people while they continue to work at their jobs – in many cases in remote locations.

In the case of Tourism Standards and Certification, which are nationally recognized, these issues have been well addressed, as learning takes place in conjunction with the work environment and in any location. For each occupation in which certification is available, the content was developed by industry for industry, helping to ensure its relevance. In June 2001, 179 new certified tourism professionals were recognized across 18 different occupations and from 24 communities across the province. Additionally, about 60 people in our industry are working towards Journeyperson Certificates in recognized tourism trades, and 16 people have attained journeyperson status in this relatively new development opportunity.

A host of other courses and seminars are co-ordinated and in many cases delivered by STEC. Of particular significance, STEC undertook enrolling and providing training to 700 post-secondary and secondary school youth, through the national Tourism Careers for Youth program, in a three-year period which will end in March 2002. Within this fiscal year, 267 participants completed training, and 503 have participated in total - part of our continuing efforts to develop a strong and suitable workforce.

TRAINING PROGRAMS DELIVERED OCTOBER 2000 TO SEPTEMBER 2001	PARTICIPANTS
Skill Specific Workplace Training	223
Tourism Careers for Youth	267
Trainees in post secondary programs using STEC materials, testing, and/or facilitators	117
Workplace Trainer Program	47
Positively Outrageous Customer Service Workshops	
Saskatchewan Best Customer Service Training	1,295
Volunteer Workshop	
Volunteer Master Trainer Workshop	
It's Good Business Server Intervention Seminar	1,280
Other	115
Total	**3,344**

14 *Everyone is Served...*

...when the visitor is served. Throughout the past year, our Visitor Services staff continued to refine the processes by which visitor inquiries are converted to sales. This is why, in addition to being certified Travel Counsellors, many of our Call Centre employees are also certified Reservation Sales Agents, trained to close sales.

Among the most significant service improvements implemented during the year was the introduction of computers at the five Visitor Reception Centres (VRCs) at our major border entry points. Those visitors who stopped in at the centres were able to get up-to-date information on highway conditions, construction, weather, and much more. The VRCs also received timely email information from our Call Centre in Regina, and could share information with each other more effectively, providing enhanced customer service.

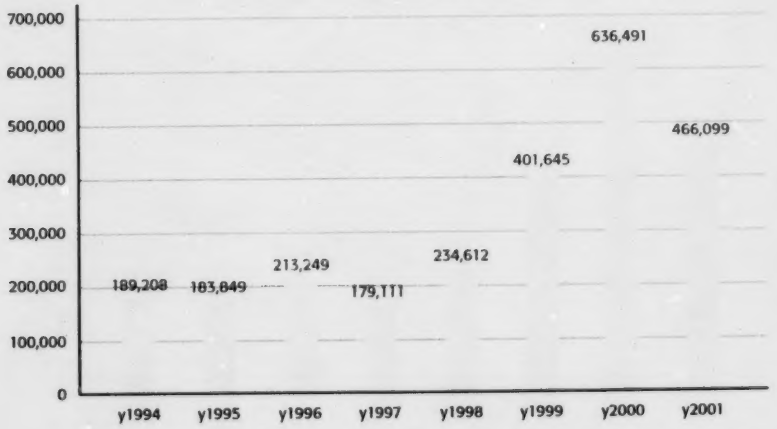
Through our Call Centre and website, as well as related technology advancements, Saskatchewan is on the leading edge in equipping visitors, potential visitors and residents with current and useful travel information - this generates sales.

Enhanced familiarity of tourism products enables our counsellors to better serve both visitors and industry operators. Travel Counsellors from our Regina office visited a more extensive list of areas and attractions in the province in 2001. This also contributed to our industry's understanding of how Visitor Services supports their activities.

Visitor Services is part of the Saskatchewan Visitor Services Network, which provides a forum for information sharing among about 120 tourism information centres around the province. This network is directed at improving staff knowledge and service at these centres.

Call Centre staff also process inquiries via letters, business reply cards, reader service inquiries, faxes and email. We maintain a growing database of past inquirers by collecting their names and addresses. The Internet has become the dominant method of inquiry, and we are looking at new ways of transforming Internet contacts into names and addresses. Traditional inquiries continue to be key to establishing contact with our inquirers.

Tourism Saskatchewan Inquiries January 1 to September 30, 1994 to 2001



NOTE: Fourth quarter results have not been included in this chart because these numbers were not available for 2001 at time of printing.

Streamlined and Straightforward

An integrated membership program was developed and implemented over 2000 and 2001. It enables those involved in the industry to pay one membership fee to one organization and become a member of their tourism region and Tourism Saskatchewan, and, in appropriate cases, their city tourism organization.

Currently, Tourism Saskatchewan, in partnership with the city marketing organizations and tourism regions, has more than 2,000 members. This makes it the largest membership-based tourism industry organization in Canada. Members enjoy a range of more than 20 benefits as part of their membership.

GATHERING FORCE

Members have the opportunity to gather at different times and locations throughout the year for a variety of events hosted by Tourism Saskatchewan.

Fall General Meeting and Conference — December

Saskatchewan Tourism Awards of Excellence Gala — May

Spring General Meeting — April

STEC Tourism PRIDE Dinners — June

Annual Golf Classic — September

Support from Within

Certain areas of Tourism Saskatchewan – Finance & Administration, Communications and Sales & Corporate Development – carry out much of their work in support of the more public initiatives of other departments.

Finance & Administration

Efficiently handled financial matters, office administration details and Information Technology (IT) enable staff to carry out their work effectively. While delivering these internal services, IT staff members also support more external initiatives, like our website and additional services made available through the transfer of our comprehensive database of tourism events, attractions and operators to more modern, flexible systems. In the past year, we completed the transition of two major product categories – events and outfitters – to this new database. We've also transferred our membership information to the new database and collaborated with the tourism regions in their use of this data through their websites.

Participation in the Saskatchewan TourNet program, linking our website users to hundreds of tourism operators, increased by 20 per cent during the year, now encompassing a total of 626 linked operators.

Communications

The Communications area produces a variety of print materials, successfully co-ordinating the production of our 2001 travel literature, our new 2001/2002 business plan, the 1999/2000 annual report, and six issues of the Going Places newsletter. The area co-ordinated several announcements through news media to keep Saskatchewan people abreast of tourism successes and opportunities. This included a news conference held in August 2001 to announce the significant growth in international travel spending in the province during 2000.

Sales & Corporate Development

The Sales area co-ordinates advertising initiatives that generate opportunities for tourism operators to participate in marketing campaigns and our travel literature. Ad sales, with reduced rates for Tourism Saskatchewan members, also generate revenue for the organization. Corporate Development creates relationships with non-traditional partners to enhance awareness and support for our industry outside traditional boundaries. Non-traditional partners support our events and, as potential suppliers, can directly reach our industry through our industry and member-directed information, like the annual Membership Directory. Sales & Corporate Development generated nearly $950,000 of in-kind support and over $390,000 in advertising and sponsorship revenue.

RECOGNITION OF INDUSTRY'S CONTRIBUTIONS - CHANGES IN REPORTING

In addition to the contributions our industry makes through participation in our advertising initiatives ($265,041), significant support also comes from industry in-kind services. Previously, Tourism Saskatchewan reported industry in-kind financial contributions and regional spending to match the Keeping PACE funding as part of its financial statements. These amounts are not reflected in the financial statements for 2000/2001.

Industry Financial Contributions

In-kind contributions need to be separated from our actual cash revenue for clarity in our financial information. However, the significant value of the industry in-kind support Tourism Saskatchewan receives cannot be understated, as it enables us to carry out many initiatives that wouldn't be possible otherwise.

Industry contributions are goods and services provided to Tourism Saskatchewan by industry partners at a discounted or complimentary rate, and are recognized at fair market value.

The change in in-kind contributions for 2001 is related to advertising and media support around one-time activities reported in the previous year's financial statements. Most significantly, these included a contest ($601,708) involving vacation packages and television advertising, media and supplier support for certain CTC activities ($170,306) and advertising ($58,500) during the 2000 Labatt Brier in Saskatoon.

Keeping PACE Commitment

While Tourism Saskatchewan is involved in the process to allocate these funds, we do not receive any of these funds for our use. This funding forms a very significant part of marketing activities in the province.

	2000/2001	1999/2000	Variance
Sales & Corporate Development	$[illegible]	$[illegible]558,963	($611,813)
Marketing	$79,896	$319,349	($239,453)
Membership	$13,221	$25,466	($12,245)
Education & Training	$15,300	$8,534	$6,766
Subtotal	$[illegible]055,567	$[illegible]912,312	($856,745)
Keeping PACE Commitment	$749,290	$706,000	$43,290
Total	$[illegible]804,857	$[illegible]618,312	($813,455)

FINANCIAL STATEMENTS OF

TOURISM AUTHORITY

OPERATING AS

TOURISM SASKATCHEWAN

SEPTEMBER 30, 2001

Deloitte & Touche

To the Members of
Tourism Authority
o/a Tourism Saskatchewan

We have audited the balance sheet of Tourism Saskatchewan as at September 30, 2001 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan
November 5, 2001

Tourism Saskatchewan

Balance Sheet - September 30, 2001

	2001	2000 (As restated, see Note 3)
ASSETS		
CURRENT		
Cash (Note 6)	$730,514	$ -
Accounts receivable	178,609	406,042
GST receivable (Note 4)	10,504	47,678
Inventory	107,946	169,553
Prepaid expenses	198,425	260,247
	1,225,998	**883,520**
INVESTMENT	-	12,500
CAPITAL ASSETS (Note 5)	1,009,155	1,037,957
	$2,235,153	**$1,933,977**
LIABILITIES and NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 6)	$ -	$21,565
Accounts payable and accrued liabilities	593,308	552,173
Unearned revenue	145,913	102,792
Current portion of deferred contributions related to capital assets (Note 7)	18,488	18,488
Deferred grant contribution (Note 7)	288,125	288,125
Current portion of long term debt (Note 8)	37,888	34,811
	1,083,722	**1,017,954**
LONG TERM		
Deferred contributions related to capital assets (Note 7)	-	18,488
Leasehold improvement loan (Note 8)	351,023	388,911
	1,434,745	**1,425,353**
NET ASSETS		
Net assets invested in capital assets	601,756	577,259
Net assets restricted for Partnership Marketing Fund (Note 9)	115,702	51,626
Net assets restricted for Provincial Marketing Fund (Note 9)	45,165	29,754
Net assets restricted for operational purposes (Note 9)	147,000	-
Unrestricted net assets (deficit)	(109,215)	(150,015)
	800,408	**508,624**
	$2,235,153	**$1,933,977**

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

Director

Director

Tourism Saskatchewan

Statement of Operations - Year ended September 30, 2001

	2001	2000 (As restated, see Note 3)
REVENUE		
Operating Grant - Province of Saskatchewan	$6,915,000	$6,915,000
Partnership	495,893	600,469
Education and training	578,899	933,628
Advertising	265,042	228,019
Sales and services (Note 10)	70,746	66,926
Listings	121,758	114,809
Membership	47,982	39,910
Interest and other	26,085	3,762
	8,521,405	**8,902,523**
EXPENSES		
Administration (Schedule 1)	1,150,330	1,103,916
Education and training (Schedule 2)	816,749	1,093,890
Marketing and advertising (Schedule 3)	4,379,711	4,430,008
Membership and visitor services (Schedule 4)	1,813,790	1,920,200
Board and committees	32,826	36,013
	8,193,406	**8,584,027**
EXCESS OF REVENUE OVER EXPENSES	$327,999	$318,496
Net invested in capital assets	(24,497)	135,045
Restricted for Partnership Marketing Fund (Note 9)	(115,702)	(51,626)
Restricted for operational purposes (Note 9)	(147,000)	-
NET INCREASE TO UNRESTRICTED NET ASSETS	**$40,800**	**$401,915**

See accompanying notes to financial statements.

Statement of Changes in Net Assets - Year Ended September 30, 2001

NET ASSETS (DEFICIT)	Invested in capital assets	Restricted for Partnership Marketing Fund	Restricted for Provincial Marketing Fund	Restricted for operational purposes	Unrestricted	2001 Total	2000 Total (As restated, see Note 3)
Balance, beginning of year	$577,259	$51,626	$29,754	$ -	$(150,015)	$508,624	$198,374
Excess of revenue over expenses	(1) (211,940)	-	-	-	539,939	327,999	318,496
Investment in capital assets	(2) 236,437	-	-	-	(236,437)	-	-
Expenditures incurred during the year	-	(36,215)	-	-	-	(36,215)	(8,246)
Transfer between restricted funds	-	(15,411)	15,411	-	-	-	-
Internally imposed restrictions (Note 9)	-	115,702	-	147,000	(262,702)	-	-
Balance, end of year	**$601,756**	**$115,702**	**$45,165**	**$147,000**	**$(109,215)**	**$800,408**	**$508,624**

See accompanying notes to financial statements.

(1) Consists of:

Depreciation expense	$230,428
less amortization of deferred contributions related to capital assets (Note 7)	(18,488)
Reduction in net assets invested in capital assets	$211,940

(2) Consists of:

Repayment of leasehold improvement loan	$34,811
Purchase of capital assets with unrestricted resources	201,626
Increase in net assets invested in capital assets	$236,437

Tourism Saskatchewan

Statement of Cash Flows - Year ended September 30, 2001

	2001	2000 (As restated, see Note 3)
Cash from operating activities		
Excess of revenue over expenses	$327,999	$318,496
Add (deduct) items not requiring the use of cash:		
Depreciation of capital assets	230,428	253,736
Write-down of investment	-	12,500
Amortization of deferred contributions related to capital assets (Note 7)	(18,488)	(18,488)
	539,939	**566,244**
Net change in non-cash working capital items (Note 12)	472,292	218,766
Net cash generated from operating activities	**1,012,231**	**785,010**
Cash from investing activities		
Increase in deferred contributions related to capital assets (Note 7)	-	55,464
Purchase of capital assets	(189,126)	(569,045)
Expenditures from Partnership Marketing Fund	(36,215)	(8,246)
Net cash used in investing activities	**(225,341)**	**(521,827)**
Cash from financing activities		
Repayment of capital lease obligation	-	(10,344)
Proceeds from leasehold improvement loan	-	455,658
Repayment of leasehold improvement loan	(34,811)	(31,936)
Net cash generated from (used in) financing activities	**(34,811)**	**413,378**
Net increase in cash	**752,079**	**676,561**
Bank indebtedness, beginning of year	(21,565)	(698,126)
Cash (bank indebtedness), end of year	**$730,514**	**$(21,565)**

See accompanying notes to financial statements.

1. DESCRIPTION OF BUSINESS

The Tourism Authority, operating as Tourism Saskatchewan (the "Authority"), was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Revenue Recognition

The Authority follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

b) Inventory

Inventory is valued at the lower of cost and net realizable value.

c) Capital Assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Leasehold improvements are depreciated over the lease terms. Depreciation is calculated using the straight-line method at the following annual rates:

Photo library	10%
Furniture & equipment	10% to 20%
Computer equipment	33%
Central Reservation System	13%
Leasehold improvements	10% to 20%
Signs & displays	20%

d) Unearned Revenue

Advertising and listing amounts received, which are related to future publications, are recorded as unearned revenue.

e) Income Taxes

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. CHANGE IN ACCOUNTING POLICIES

a) Industry In-Kind Contributions and Partnership Revenue

During the year ended September 30, 2001, the Authority adopted changes in its method of recognizing revenue from industry in-kind contributions and in its method of recognizing revenue from marketing programs with regional and industry partners. Previously, the Authority recognized revenue offset by equivalent amounts allocated among the related expense categories in the following manner:

i) Industry in-kind contributions revenue was recognized for goods and services, except for volunteer labour, provided to the Authority by industry partners at discounted or complimentary rates, and

ii) Partnership revenue was recognized for the partners' contribution to programs and projects where the Authority approved and contributed funding up to 50% of total expenditures for marketing programs and projects to regional and industry partners.

The Authority no longer recognizes these types of revenue in order to provide a more accurate presentation of the cash resources available to and used in the organization's operations.

These changes have been applied retroactively. As a result, the financial statements for the year ended September 30, 2000 have been restated. The effect of the changes on the 2000 financial statements is as follows:

Statement of Operations	2000
Remove industry in-kind contributions revenue	(1,912,339)
Decrease partnership revenue	(706,000)
Decrease education and training expenses	(8,534)
Decrease marketing and advertising expenses	(2,533,805)
Decrease membership and visitor services expenses	(76,000)

There are no changes to the 2000 balance sheet, statement of changes in net assets or the statement of cash flows.

b) Partnership Marketing Fund Expenses

During the year ended September 30, 2001, the Authority adopted a change in its method of accounting for unused funding for marketing programs to regional and industry partners. The Authority enters into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. Previously, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30 of the following fiscal year, has been disclosed as future commitments in the notes to the financial statements.

The Authority now records the maximum amount remaining to be earned by the regions and partners pursuant to these contracts as net assets restricted for the partnership marketing fund. In the following year, the restricted amounts are reduced subject to the regions and partners incurring eligible marketing expenditures by November 30.

If, after November 30 of the following year, amounts remain unspent, the unspent balance is transferred out of the net assets restricted for partnership marketing fund and into net assets restricted for provincial marketing fund.

These changes have been applied retroactively. As a result, the financial statements for the year ended September 30, 2000 have been restated. The effect of the changes on the 2000 financial statements is as follows:

Balance Sheet	2000
Increase net assets restricted for partnership marketing fund	51,626
Decrease unrestricted net assets	(51,626)
Statement of Operations	
Decrease in marketing and advertising expenses	8,246
Increase in excess of revenue over expenses	8,246

4. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 2001, the applicable rate was 70%. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

5. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value 2001	Net Book Value 2000
Photo library	$376,131	103,000	$273,131	$212,509
Furniture and equipment	341,576	159,110	182,466	190,364
Computer equipment	429,651	368,465	61,186	61,753
Central Reservation System	219,035	133,056	85,979	113,828
Leasehold improvements	454,795	79,731	375,064	412,915
Signs and displays	107,409	76,080	31,329	46,588
	$1,928,597	**$919,442**	**$1,009,155**	**$1,037,057**

6. CASH (BANK INDEBTEDNESS)

The Authority has access to the following operating line of credit limits, repayable on demand with interest paid monthly at the TD Bank prime rate.

Base operating limit	$500,000
Incremental (available February 1 to May 31, annually)	$300,000

7. DEFERRED CONTRIBUTIONS

Deferred Grant Contribution

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Economic and Co-operative Development. Pursuant to the $6,915,000 annual funding agreement, the payment schedule was revised during the 1998/99 fiscal year. The transition to the revised payment schedule resulted in an accelerated payment of $288,125 being received before the Authority's 1998/99 fiscal year end. $288,125 of the annual receipts will continue to be deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent contributions received for the purpose of purchasing capital assets for specific projects. During the 1999/00 fiscal year, $55,464 of contributions for the purchase of capital assets had been deferred. The contributions are being recognized on the same basis as the related capital assets are depreciated. During the year, $18,488 of the deferred contribution related to capital assets has been recognized as a reduction to depreciation expense. The remaining deferred contribution at September 30, 2001 is $18,488.

8. LONG TERM LIABILITIES

	2001	2000
Leasehold Improvement Loan		
Leasehold improvement loan due December 31, 2009 with an interest rate of 8.5%, repayable in monthly installments of $5,791 including principal and interest, secured by leasehold improvements and other capital assets.	$388,911	423,722
Less due within one year	(37,888)	(34,811)
	$351,023	**$388,911**

9. RESTRICTED NET ASSETS

a) Net Assets Restricted for Partnership Marketing Fund

The Authority has entered into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. During the year, the Authority's board of directors internally restricted $115,702 ($51,626 in 2000) of unrestricted net assets, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30, 2001. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the balance of net assets restricted for the Partnership Marketing Fund are as follows:

	2001	2000 (As restated, see Note 3)
Beginning balance	$51,626	$38,000
Less expenditures incurred during the year on regional and industry partner marketing activities	(36,215)	(8,246)
Less funds transferred to Provincial Marketing Fund representing unspent marketing funds from previous year's marketing contracts	(15,411)	(29,754)
Add internally imposed restrictions during the year	115,702	51,626
Ending balance	**$115,702**	**$51,626**

b) Net Assets Restricted for Provincial Marketing Fund

During the year, the Authority's board of directors internally restricted $15,411 ($29,754 in 2000) of net assets restricted for partnership marketing funds for provincial marketing campaigns by transferring the amounts into net assets restricted for provincial marketing fund. The CEO of Tourism Saskatchewan determines provincial marketing campaigns in consultation with the President's Marketing Advisory Council. The amount represents unspent marketing funds from the 1999/2000 marketing contracts with the tourism regions and industry partners and is being restricted for this purpose consistent with the recommendation presented in the "KEEPING P.A.C.E." report of April 1998. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the balance of net assets restricted for the Provincial Marketing Fund are as follows:

	2001	2000
Beginning balance	$29,754	$ -
Add internally imposed restrictions during the year	15,411	29,754
Less expenditures incurred during the year on provincial marketing campaigns	-	-
Ending balance	**$45,165**	**$29,754**

c) Net Assets Restricted for Operational Purposes

During the year, the Authority's board of directors internally restricted $147,000 ($Nil in 2000) of unrestricted net assets for operational purposes, which include activities for marketing and research, for communications and executive office, and for information technology purposes. These internally restricted amounts are not available for other purposes without approval of the board of directors.

10. RETAIL SALES

Retail sales are shown net of cost of goods sold of $87,820 ($68,096 in 2000).

11. COMMITMENTS

Leases

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Information Centres at various locations in the province. The future minimum lease payments are as follows:

2002	$265,675
2003	265,675
2004	180,062
2005	176,167
2006	177,463

12. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2001	2000
Accounts receivable	$227,433	$188,086
GST receivable	37,174	(26,776)
Inventory	61,607	82,356
Prepaid expenses	61,822	(78,844)
Accounts payable and accrued liabilities	41,135	31,911
Unearned revenue	43,121	22,033
	$472,292	$218,766

13. COMPARATIVE FIGURES

Certain of prior year's comparative figures have been reclassified to conform to the current year's presentation.

Schedule of Expenses - Year ended September 30, 2001

ADMINISTRATION EXPENSES SCHEDULE 1	2001	2000
Bad debts	$680	$15,822
Building rental	35,840	32,962
Depreciation	19,801	25,520
Equipment rental	24,476	27,445
Insurance	11,505	11,875
Interest and bank charges	45,881	58,650
Legal	7,065	9,939
Postage	22,527	20,760
Professional services	83,139	27,455
Repairs and maintenance	6,392	4,295
Salaries and benefits	787,232	793,114
Stationery and supplies	24,614	19,871
System consulting/development	45,115	36,860
Telephone	11,577	14,620
Travel	24,486	4,728
	$1,150,330	**$1,103,916**

See accompanying notes to financial statements.

EDUCATION AND TRAINING EXPENSES SCHEDULE 2	2001	2000
		('s restated, see Note 3)
Building rental	$53,759	$49,239
Depreciation	29,698	38,279
Professional services	20,666	151,449
Salaries and benefits	504,351	533,205
STEC training costs	169,116	289,629
Travel	39,159	32,089
	$816,749	**$1,093,890**

See accompanying notes to financial statements.

Schedule of Expenses - Year ended September 30, 2001

MARKETING AND ADVERTISING EXPENSES SCHEDULE 3	2001	2000 (As restated, see Note 3)
Advertising and media publicity	$1,340,321	$1,431,872
Association and professional dues	15,054	15,225
Audio visual supplies	4,293	1,184
Building rental	58,239	53,342
Courier and freight	26,919	26,885
Depreciation	51,605	55,301
Events	72,877	82,245
Partnership Marketing Fund	1,326,619	1,309,315
Postage	22,527	20,432
Professional services	182,045	194,929
Promotional items	39,887	21,166
Salaries and benefits	952,136	975,970
Subscriptions and reference material	5,883	2,009
Telephone	18,744	24,579
Travel	200,344	165,315
Travel show costs	62,218	50,239
	$4,379,711	**$4,430,008**

See accompanying notes to financial statements.

MEMBERSHIP & VISITOR SERVICES EXPENSES SCHEDULE 4	2001	2000 (As restated, see Note 3)
Building rental	$172,372	$156,320
Depreciation	110,836	116,148
Postage	220,414	176,598
Printing, publishing and duplication	74,446	120,285
Professional services	-	3,762
Salaries and benefits	658,429	684,648
Telephone	55,708	65,884
Travel	18,798	7,714
Travel literature	502,787	588,841
	$1,813,790	**$1,920,200**

See accompanying notes to financial statements.